

Industry Circular



Internal Revenue Service
Alcohol, Tobacco, and Firearms Division
Washington, D.C. 20224

Industry Circular No. 70-18

June 4, 1970

ESTABLISHMENT OF STANDARD EXPORT DRAWBACK RATES

Proprietors of Distilled Spirits
Plants and Others Concerned:

This is to inform you that a Revenue Ruling has been approved for publication in the Internal Revenue Bulletin authorizing the establishment of standard export drawback rates on products manufactured in accordance with approved precise formulas. The ruling will read substantially as follows:

The Internal Revenue Service has been asked whether, in the interest of economy, standard export drawback rates may be established.

Section 5062(b) of the Internal Revenue Code of 1954 and the applicable sections of 26 CFR Part 252, Exportation of Liquors, provide for allowance of a drawback equal in amount to the tax found to have been paid or determined on distilled spirits or wines. In order to comply with the statutory and regulatory requirements, establishment of a standard export drawback rate must necessarily be restricted to approved formulas which are precise as to the ingredients to be used and as to proof of the finished product, and which permit no variations. Otherwise, the rate of drawback allowable could vary.

The only alternative, in cases where the quantities or the alcoholic content of the ingredients may vary slightly, would be to establish a drawback rate computed on the largest quantity and the highest alcoholic content of wine and alcoholic flavoring material which might be used, even though there may be instances in which the alcoholic content of wine or flavoring used might be lower or in which smaller quantities of wine and/or alcoholic flavoring might be used.

Held, Rectifiers may submit precise formulas on Forms 27-B Supplemental, Formula and Process for Rectified Products, for the purpose of securing the benefits of standard export drawback rates. Each such formula submitted shall include the following statement immediately above the signature of the rectifier.

For the purpose of having a standard export drawback rate established,
I agree to adhere strictly to the formula set forth above and to
accept the rate of drawback established for this product.

Rectifiers may also submit formulas on Forms 27-B Supplemental for products in which the quantities, proof, and alcoholic content of spirits, wines, and alcoholic flavoring materials vary slightly in arriving at the specified proof. Each such formula submitted shall include the following statement immediately above the signature of the rectifier.

For the purpose of having a standard export drawback rate established, I agree to accept the rate of drawback established, based on the largest quantity and the highest alcoholic content of wine and alcoholic flavoring material that might be used in any product produced under this formula.

On all formulas containing alcoholic flavoring materials the rectifier shall state whether nonbeverage drawback has been or will be claimed on the alcoholic flavoring materials to be used.

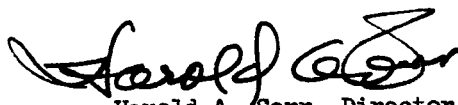
The rate of drawback established by the Assistant Regional Commissioner, Alcohol, Tobacco and Firearms, for the formula will be entered on each approved Form 27-B Supplemental furnished the rectifier.

It is further held that returned bottled goods and dregs and remnants produced under a formula on which a standard drawback rate has been established may be added to a batch of the identical formula, provided that the approved formula specifies that returned bottled goods and dregs and remnants may be added and that such returned bottled goods and dregs and remnants can be identified as having been produced under the identical formula.

Each claim for drawback filed for a product on which a standard drawback rate has been established shall show the formula number and date.

The requirement in 26 CFR 252.195a for the filing of supporting forms with each claim for drawback may be waived by the Assistant Regional Commissioner in the case of claims covering products on which a standard export drawback rate has been established. However, if the Assistant Regional Commissioner finds a need for the supporting forms, he may require that they be furnished as provided in the regulations.

Inquiries regarding this circular should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol, Tobacco and Firearms.



Harold A. Serr, Director
Alcohol, Tobacco and Firearms Division